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May 23, 2022

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

RE: Petition of Dominion Energy South Carolina, Incorporated for an Accounting Order  
Related to Retirement of Certain Electric Generating Units  
**Docket No. 2022-107-E**

Ms. Boyd:

Please be advised that the South Carolina Office of Regulatory Staff ("ORS") has reviewed the filing submitted by Dominion Energy South Carolina, Incorporated ("DESC" or the "Company") in the aforementioned docket requesting the Public Service Commission of South Carolina ("Commission") issue an accounting order related to the retirement of certain electric generating units ("Petition").

As part of DESC's peaking generation replacement plan (the "Plan"), the Company states that it intends to retire certain simple cycle combustion turbines ("Retired Units"). As part of the Petition, the Company is requesting authorization from the Commission for specific accounting treatment associated with the retiring and dismantling of the Retired Units. The Company states that much of the Retired Units will be retired prior to DESC's investment being fully recovered. The Company states its request will not involve a change to any retail rates or prices or require any change in any Commission rule, regulation, or policy. In sum, the Petition requests:

- i. Authorization to reclassify new carrying values in the investment of the Retired Units to unrecovered plant regulatory asset accounts (FERC Account 182.2) upon their retirement as part of the Plan;
- ii. Authorization to recognize additional costs incurred related to the dismantlement and retirement of the Retired Units to the unrecovered plant regulatory asset accounts;
- iii. Authorization to include carrying value in inventory that will become obsolete as the result of the retirements in the unrecovered plant regulatory asset accounts;

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- iv. Authorization to record any disposition salvage proceeds received as a credit (reduction) to the unrecovered plant regulatory asset accounts;
- v. Authorization to amortize the unrecovered plant regulatory asset balances in amounts equal to the level of depreciation expense previously being recorded for the Retired Units at their retirement and to continue such amortization until the unrecovered costs are fully recovered; and,
- vi. Authorization to reclassify the negative carrying value of the Hardeeville simple cycle combustion turbine to a regulatory liability account (FERC Account 254), with costs associated with the dismantlement and retirement of that unit being recorded as a reduction to the regulatory liability and any salvage recovery proceeds serving to increase the regulatory liability.

ORS analyzed the Company's Petition, reviewed Docket No. 2013-276-E and Commission Order Nos. 2013-649 and 2017-39,<sup>1</sup> and the relevant filings in Docket No. 2021-93-E. Based on its review of these materials, ORS does not object to DESC's Petition. ORS's position is predicated on the basis that the issuance of an accounting order in this matter will not preclude the ORS, Commission, or any other party, from addressing the reasonableness of the costs, including but not limited to, the costs incurred related to the dismantlement and retirement of the Retired Units, carrying costs, obsolete inventory costs and salvage proceeds, and the amortization periods of such unrecovered costs in a subsequent general rate case or other proceeding. ORS's position should not be considered as precedent setting in any docket going forward and is based solely on the matters addressed in the Company's Petition in this docket.

In order to monitor the items in the Petition prior its next general rate case, ORS recommends that DESC file annual updated balances and other updates as of December 31 of each year on each of the requested items i through vi with the Commission, ORS, and any other interested party. ORS recommends the Company make every reasonable effort to sell the obsolete inventory and the proceeds from the sale be used as a credit (reduction) to the unrecovered plant regulatory asset accounts. ORS also recommends the Company notify the Commission, ORS, and any other interested party of the actual retirement date for each of the Retired Units as they are retired from commercial operations.

Sincerely,



Andrew M. Bateman

cc: All Parties of Record  
C. Jo Anne Wessinger-Hill, Esquire  
David Butler, Esquire  
(all via electronic mail)

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<sup>1</sup> Commission Docket No. 2013-276-E and Order Nos. 2013-649 and 2017-39 all deal with Petitions for Accounting Orders related to moneys associated with the retirement of generating units.